



Bureau of TennCare

Policy Manual

DRAFT Policy No: BEN 08-001 (Rev 1)	
Subject: Cost Effective Alternatives	
Approval: <i>Darren Gordon / WJ</i>	Date: <i>9-17-08</i>

PURPOSE OF THE POLICY:

This policy outlines the accepted use of cost effective alternative services and replaces TSOP 032.

POLICY:

TennCare managed care contractors (MCCs) may provide services not listed in the Medicaid State plan or in the covered benefits section of the contractor risk agreements (CRA) when the use of such alternative services is medically appropriate and cost effective. Such services shall be referred to as ***cost effective alternative services***. The use of cost effective alternatives is allowed by Special Term and Condition #28 of the TennCare II extension, approved by CMS on October 5, 2007.

A cost effective alternative service is a service that is not covered but that is approved by TennCare and provided at the sole discretion of the MCC. TennCare enrollees are not entitled to receive these services. Cost effective alternative services may be provided because they are either (1) alternatives to covered Medicaid services that, in the MCC's judgment, are cost effective or (2) preventive in nature and offered to avoid the development of conditions that, in the MCC's judgment, would require more costly treatment in the future. Cost effective alternative services need not be determined medically necessary except to the extent that they are provided as an alternative to covered Medicaid services. Even if medically necessary, cost effective alternative services are not covered services and are provided only at an MCC's discretion.

The cost effective alternative services listed below may be provided without obtaining prior approval from TennCare. Services not listed in this policy must be prior approved in writing by TennCare.

Cost Effective Alternative Services

Note: References to the “State plan” below are references to the Tennessee Medicaid State plan, which is the document filed with the Centers of Medicare and Medicaid Services that outlines coverage under the Medicaid program in Tennessee.

SERVICE	FOR WHOM THE SERVICE MAY BE PROVIDED AS A COST EFFECTIVE ALTERNATIVE
Adult day care	Adults aged 21 and older. (Not covered in State plan.)
Chiropractic services	Adults aged 21 and older. (Not covered in the State plan.)
Dental care	Adults aged 21 and older. (Not covered in the State plan.)
High tech prosthetic devices for active lifestyles rather than standard prosthetic devices	Persons of any age. (Not covered in the State plan.)
Hotel accommodations for persons receiving frequent treatment at a distant location, to avoid the rigors of excessive transportation.	Persons of any age. (Not covered in the State plan.)
Inpatient rehabilitation facility services	Adults aged 21 and older. (Not covered in the State plan.)
Non-medical adaptive devices such as reactors, buttonhole adaptive devices, etc.	Persons of any age. (Not covered in the State plan.)
Nutritional programs and supplements	Adults aged 21 and older. (Not covered in the State plan.)
Over the counter medical supplies	Adults aged 21 and older. (Not covered in the State plan.)
Scooters	Persons of any age. (Not covered in the State plan.)
Short-term continuous care, to include Level 2 Nursing Facility care, for episodic conditions to stabilize a condition rather than admit to hospital or to facilitate hospital discharge	Adults aged 21 and older. (Nursing facility care is covered in the State plan; however, it is considered to be long-term care rather than short term, episodic care. It is not included in the managed care program.)
Skilled nursing home health visits, in excess of one visit per day limit, for the purpose of home infusion therapy.	Adults aged 21 and over (Not covered in the State plan.)
Smoking cessation classes for pregnant women	Pregnant women of any age. (Not covered in the State plan.)
Vision services and eyeglasses or contact lenses for adults	Adults aged 21 and older. (Not covered in the State plan.)
Weight reduction programs for the treatment of obesity	Persons of any age. (Not covered in the State plan.)

REIMBURSEMENT FOR COST EFFECTIVE ALTERNATIVES:

TennCare Select. In accordance with STC #28, TennCare Select must demonstrate to the state that provision of a service in the above list is a cost-effective alternative to a

covered TennCare service, in order for TennCare Select to be reimbursed for provision of the service.

Other TennCare MCCs. In accordance with STC #28, the state must demonstrate annually to CMS that utilization of any of the above services by the MCCs and TennCare Select is cost-effective.

OFFICES OF PRIMARY RESPONSIBILITY:

Office of the Chief Medical Officer

Office of Networks

REFERENCES:

[Contractor Risk Agreement \(East and West Tennessee\) Section 2.3.h.](#)

[Contractor Risk Agreement \(Middle Tennessee\) Section 2.6.5](#)

[TennCare II Waiver, Special Terms and Conditions #28](#)

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